DIGEST

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Michael Jackson HB No. 597

Abstract: Converts the Angel Investor Tax Credit Program to the Angel Investor Rebate Program and provides for the administration of the rebate program for eligible investments made on or after Jan. 1, 2011.

Present law became null and void on Dec. 31, 2009. It authorized a credit against La. income and corporation franchise tax liability for qualifying individuals which invested in "La. Entrepreneurial Businesses", as approved by the Dept. of Economic Development (hereinafter department).

Present law authorized credits equal to 50% of the amount of the investment, for investments of up to $1 million per year, per business.

Proposed law converts the tax credit program to a rebate program to be administered by the department in generally the same manner as the former tax credit program.

Proposed law provides for the eligibility requirements for investments and the businesses in which they are made.

Proposed law authorizes the department to establish by rule the method of allocating available tax rebates to applicants, which may include a first-come, first-served system, reservation of tax rebates for a specified time period, or other method which the department deems appropriate.

Proposed law limits the total amount of rebates which the department may grant each calendar year to $5 million. Any residual amount of which remains at year's end may be used to provide rebates in subsequent years, notwithstanding the $5 million annual cap.

Proposed law authorizes the secretary of the department to issue rebate certificates to investors in amounts of up to 35% of the amount of the investment for investments of up to $1 million per year, per business.

Present law requires the department to issue a tax credit certificate to qualifying investors and requires the certificate to contain certain specific background information for the rebate regarding the investor, investment, and Louisiana Entrepreneurial Business. Further, a copy of the tax credit certificate is provided to the secretary of the Dept. of Revenue.

Proposed law changes present law by renaming the document from tax credit certificate to rebate certificate, and changes the form of transmittal of the specific background information for each rebate from the tax credit certificate to the angel investor rebate report. Further, requires monthly transmittal by the department of an angel investor rebate report to the Dept. of Revenue.

Proposed law authorizes the secretary of the Dept. of Revenue to pay rebates from income tax collections.

Proposed law provides the conditions under which rebates must be repaid or recaptured, including the change of domicile of a La. Entrepreneurial Business or the use of investment monies in a manner deemed inappropriate by the department.

Proposed law provides that rebates granted but later disallowed in whole, or in part, or subject to recapture or repayment, may be recovered by the Dept. of Revenue. Interest may be assessed and collected on recovered rebate monies, at a rate of 15% per annum.

Effective upon signature of governor or lapse of time for gubernatorial action.

(Amends R.S. 47:6020; Repeal R.S. 47:6020.1, 6020.2, and 6020.3)

Summary of Amendments Adopted by House

Committee Amendments Proposed by House Committee on Ways and Means to the original bill.

1. Added requirement that the Dept. of Economic Development transmit monthly an angel investor rebate report to the Dept. of Revenue.

2. Changed the document which contains the background information relating to each rebate from the tax rebate certificate to the monthly angel investor rebate report.

3. Deleted corporation franchise tax collections as a source from which rebates shall be paid.